

## Virginia Department of Mines, Minerals &amp; Energy

## Virginia Gas and Oil Board

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Minutes and results of hearing, February 21, 2006

Board members present: Ms. Barber, Mr. Ratliff, Mr. Simon, Ms. Quillen, Mr. Wampler

1. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit C-50, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0117-1556. Continued from January.

In the C-50 80-acre unit, the operator controls 61.2% of the coal and gas interests, and seeks to pool the remaining 38.8% of the interests. Unleased acreage subject to pooling totals 31.0 net acres in one tract with nine unleased owners. There are no conflicting claimants or unknown owners subject to escrow but there are conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 10/27/05. Continued to March.

2. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-11, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0117-1557. Continued from January.

In the G-11 80-acre unit, the operator controls 99.7% of the coal and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.24 net acres in one tract with 17 unleased owners. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 10/27/05. Pooling was approved.

3. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for a well location exception for proposed well 825809 Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0117-1571. Continued from January.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 222 feet closer to existing Columbia gas well CNR-24908 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints and mining considerations. No permit application has been submitted. The location exception was approved.

4. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for a well location exception for proposed well 825810 Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0117-1572. Continued from January.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 287 feet closer to existing Columbia gas well CNR-825605 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints and mining considerations. No permit application has been submitted. The location exception was approved.

5. The Virginia Gas and Oil Board heard a petition from Madeline Counts for disbursement of funds from escrow and authorization for direct payment of royalties on tract 4, unit VC-2975, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-97-0715-0593-01.

The petitioner has entered into an agreement with previously conflicting claimants to coalbed methane specifying that she is entitled to all past and future royalty proceeds attributable to Tract 4. The petition seeks disbursement of Board escrowed funds and direct payment of future royalties. Continued to March.

6. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for re-pooling of conventional unit 825404, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1420-02. Continued from December.

In the 825404 112.69-acre conventional gas unit, the applicant controls 95.2% of the oil and gas interests, and seeks to pool the remaining 4.8% of the interests. Unleased acreage subject to pooling totals 5.4 net acres in two tracts having 22 unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 9/6/05. Continued to April.

7. The Board on its own authority will reconsider prior approval of re-pooling, coalbed methane unit P-40, Garden District, Buchanan County, Virginia. Re-pooling was approved at the January 17, 2006 hearing. Docket Number VGOB-93-0216-0330-04.

Re-pooling of Unit P-40 resulted in adjustment of acreage amounts for several tracts of land, the owners of which were not notified of the re-pooling. Percentages of ownership for tracts that were previously subject to disbursement were also altered, possibly rendering those disbursements incorrect. The Board heard further testimony from the designated operator in order to determine the adequacy of notice and accuracy of prior disbursements. The Board determined that the operator should file an accounting to reconcile prior disbursements, and that notice was adequate.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit B-51, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1576.

In the B-51 79.94-acre unit, the applicant controls 99.55% of the coal interests and 99.54% of the gas interests, and seeks to pool the remaining 0.45% of the coal interests and 0.46% of the gas interests. Unleased coal acreage subject to pooling totals 0.36 net acres in one tract with one unleased owner, and gas acreage subject to pooling totals 0.39 net acres in two tracts with eight unleased owners. There are conflicting subject to escrow. An application for permit to drill the unit has been submitted. Continued to March.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit G-39, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1577.

In the G-39 80-acre unit, the operator controls 99.99% of the coal and gas interests, and seeks to pool the remaining 0.01% of the interests. Unleased acreage subject to pooling totals 0.01 net acres in one tract with nine unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 1/24/05. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit D-25, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1578.

In the D-25 80-acre unit, the operator controls 97.9% of the coal and gas interests, and seeks to pool the remaining 2.1% of the interests. Unleased acreage subject to pooling totals 1.7 net acres in four tracts with nine unleased owners. There are

unknown owners subject to escrow. A permit to drill the unit was issued on 12/16/05. Pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-124, New Garden District, Russell County, Virginia. Docket Number VGOB-06-0221-1579.

In the BB-124 58.74-acre unit, the applicant controls 89.3% of the coal interests and 45.1% of the gas interests, and seeks to pool the remaining 10.7% of the coal interests and 54.9% of the gas interests. Unleased coal acreage subject to pooling totals 6.3 net acres in two tracts with 58 unleased owners, and gas acreage subject to pooling totals 32.3 net acres in six tracts with 77 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 12/9/05. Continued to March

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BH-118, New Garden District, Russell County, Virginia. Docket Number VGOB-06-0221-1580.

In the BH-118 58.74-acre unit, the applicant controls 100% of the coal interests and 99.9% of the gas interests, and seeks to pool the remaining 0.1% of the gas interests. Unleased gas acreage subject to pooling totals 0.07 net acres in one tract with five unleased claimants. There are conflicting claimants and unknown owners subject to escrow. A permit to drill was issued on 12/27/05. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BJ-116, New Garden District, Russell County, Virginia. Docket Number VGOB-06-0221-1581.

In the BJ-116 58.74-acre unit, the applicant controls 99.5% of the coal interests and 98.9% of the gas interests, and seeks to pool the remaining 0.5% of the coal interests and 1.1% of the gas interests. Unleased coal acreage subject to pooling totals 0.3 net acres in three tracts with three unleased owners, and gas acreage subject to pooling totals 0.6 net acres in five tracts with 76 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 1/25/06. Pooling was approved.

14. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BK-116, New Garden District, Russell County, Virginia. Docket Number VGOB-06-0221-1582.

In the BK-116 58.74-acre unit, the applicant controls 100% of the coal interests and 54.4% of the gas interests, and seeks to pool the remaining 45.6% of the gas interests. Unleased gas acreage subject to pooling totals 26.8 net acres in seven tracts with 68 unleased claimants. There are conflicting claimants and unknown owners subject to escrow. A permit to drill was issued on 12/20/05. Pooling was approved.

15. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit CC-30, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1583.

In the CC-30 80-acre unit, the applicant controls 100% of the coal interests and 99.0% of the gas interests, and seeks to pool the remaining 1.0% of the gas interests. Unleased gas acreage subject to pooling totals 0.8 net acres in one tract with four unleased claimants. There are conflicting claimants and

unknown owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 12/13/05. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536615, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1584.

In the VC-536615 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 100% of the gas interests. Unleased gas acreage subject to pooling totals 58.77 net acres in one tract with one unleased and unlocatable claimant. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

17. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536624, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1585.

In the VC-536624 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 100% of the gas interests. Unleased gas acreage subject to pooling totals 58.77 net acres in one tract with one unleased and unlocatable claimant. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

18. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536628, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1586.

In the VC-536628 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 100% of the gas interests. Unleased gas acreage subject to pooling totals 58.77 net acres in two tracts with two claimant who are not leased or leased to third parties. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536627, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1587.

In the VC-536627 58.77-acre unit, the applicant controls 94.7% of the coal interests and 0.0% of the gas interests, and seeks to pool the remaining 5.3% of the coal interests and 100% of the gas interests. Unleased coal acreage totals 3.1 net acres in one tract with one unleased owner, and gas acreage subject to pooling totals 58.77 net acres in two tracts with two claimant who are not leased or leased to third parties. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-536781, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0221-1588.

In the V-536781 112.69-acre conventional gas unit, the applicant controls 98.5% of the oil and gas interests, and seeks to pool the remaining 1.5% of the interests. Unleased acreage subject to pooling totals 1.5 net acres in two tracts with one owner. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-536777, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-0221-1589.

In the V-536777 112.69-acre conventional gas unit, the applicant controls 99.78% of the oil and gas interests, and seeks to pool the remaining 0.2% of the interests. Unleased acreage subject to pooling totals 0.25 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

22. The Virginia Gas and Oil Board heard a petition from Dart Oil & Gas Corporation for pooling of conventional gas unit 26, Mitchem et al 042601, Abs Valley Field, Clearfork District, Tazewell County, Virginia. Docket Number VGOB-06-0221-1590.

In the Abs Valley # 26 200-acre conventional gas unit, the applicant controls 42.1% of the oil and gas interests, and seeks to pool the remaining 52.9% of the interests. Unleased acreage subject to pooling totals 116.6 net acres in nine tracts with nine unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

23. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for creation and pooling of conventional gas unit 825840, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1591.

In the 825840 112.69-acre conventional gas unit, the applicant controls 92.2% of the oil and gas interests, and seeks to pool the remaining 7.8% of the interests. Unleased acreage subject to pooling totals 8.7 net acres in one tract with one owner who is leased to a third party. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

24. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for creation and pooling of conventional gas unit 825685, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1592.

In the 825685 112.69-acre conventional gas unit, the applicant controls 99.7% of the oil and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.31 net acres in one tract with one owner who is leased to a third party. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

25. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for a well location exception for proposed well 825852, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1593.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 136 feet closer to existing Columbia gas well 20040 than the 2500 feet mandated by spacing. The exception is needed to minimize impact on future coal operations. No permit application has been submitted. The location exception was approved.

26. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for a well location exception for proposed well 823540, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1594.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 266 feet closer to existing Columbia gas well 9591 than the 2500 feet mandated by spacing. The exception is needed to minimize impact on future coal operations. An application for permit to drill the unit has been submitted. The location exception was approved.

27. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for a well location exception for proposed well 825903, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1595.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 175 feet closer to existing Columbia gas well 21732 than the 2500 feet mandated by spacing. The exception is needed to minimize impact on future coal operations. No application for permit to drill the unit has been submitted. The application was withdrawn.

28. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for re-pooling of conventional unit 825605, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0117-1573-01.

In the 825605 112.69-acre conventional gas unit, the applicant previously (in January, 2006) pooled 9.5% of unleased gas interests. The applicant now seeks to pool 90.5% of the gas interests that are under lease but do not have pooling rights. Acreage subject to re-pooling totals 102 net acres in one tract with one owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

29. The Virginia Gas and Oil Board heard a petition from Columbia Natural Resources, LLC for re-pooling of conventional unit 825811, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0117-1574-01.

In the 825811 112.69-acre conventional gas unit, the applicant previously (in January, 2006) pooled 8.8% of unleased gas interests. The applicant now seeks to pool 91.2% of the gas interests that are under lease but do not have pooling rights. Acreage subject to re-pooling totals 102.7 net acres in one tract with one owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

30. The Virginia Gas and Oil Board heard a petition from Pine Mountain Oil and Gas, Inc. for pooling of coalbed methane unit 71-AA, Prater District, Buchanan County, Virginia. Docket Number VGOB-06-0221-1596.

In the 71-AA 58.77-acre unit, the operator controls 99.5% of the coal and gas interests, and seeks to pool the remaining 0.5% of the interests. Unleased acreage subject to pooling totals 0.3 net acres in one tract with one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. No permit application has been submitted. Pooling was approved.

The deadline for filing of petitions to the Board for the March 2006 hearing is 5 p.m., Friday, February 17, 2006 with the hearing scheduled for 9 a.m. on Tuesday, March 21, 2006 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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